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“We did not come to fear the future.
We came here to shape it.”

Barack Obama

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Dear members of the Sara family,

The business atmosphere in the country and to a large extent in the world remains uncertain and to some extent pessimistic. But the economic indicators are no longer pointing towards a degrowth. The second quarter of the year was better than the first quarter and the next quarter looks promising. We may be able to reach pre-Covid times in 2021-22.

The other important factor which gives confidence is the introduction of Covid vaccine which comes to India in January 2021.

The Group is doing better than the economy as a whole, and we are managing to keep our head above the shoulders. Thanks to some of the cost cutting exercise which we initiated earlier, and diversification plan we had rolled, we hope to give better numbers at the end of this Financial Year.

I am really looking forward to meet all of you in person and hope that with vaccine being available we can have few get togethers as we go long.

I wish 2021 to be different, happy, and prosperous.

My greetings and prayers for you and your family.

D.P. Singh



FROM THE MD



STEEL & METALS

Steel prices have been rising this quarter due to higher raw material input costs, mainly iron ore, coking coal and thermal coal. Moreover, the demand for steel has also been increasing this year despite many countries still facing an economic crisis due to the Covid pandemic. It has been observed that the steel demand in developing countries has become much stronger as compared to developed economies and the gap has been widening over the past few months.

China remains to be the largest steel producer with output expected to touch 980 million tons in the year 2020. Global steel demand is expected to reach nearly 1.80 billion tons in 2021, among which the demand in Asian countries would account for nearly 1.30 billion tons. Scrap prices have also witnessed an upswing due to global steel demand and have touched highest prices in last decade. Most scrap buyers are waiting to see if the prices would come down and hence there are not many active trades happening at this moment.

In India, the auto sector and white goods market has seen a steady recovery after the lockdown, specially owing to strong buying during the festive season. However, with the continuous increase of raw material prices, the steel prices are also expected to be increasing in the coming months which could have an impact on the demand situation.

IRON ORE

Iron Ore supplies from India have been disrupted this quarter mainly due to the transfer of mines to the new owners. The government had auctioned mines early this year and most of the mines went to captive users (large steel plants), leaving lesser volumes for the export markets. This has caused scarcity of the material and is one of the reasons for global price increase of iron ore. Further, it is expected that iron ore production in India will fall by about 20% in the year 2021 because many small miners are still non operative. It is also expected that Indian iron ore production will be about 170 million tons in 2021 as against 195 million tons in 2020. This will cause supplies to remain tight in short to medium term.

During the quarter from April-July'20, India's iron ore exports have risen by 60% with most of the material being shipped to China. This rise in export volumes is due to high steel production in China on account of infrastructure projects gaining momentum post the pandemic, as well as disruptions in availability of ore from Australia and South America. Inventories at Chinese ports rose from 110 million tons in July'20 to 125 million tons in Sept'20.

Due to the shortage of material in India, the steel industry is pushing the government to apply an export duty on lower grade ores in order to curb the exports so that the material could be available for domestic industry at lower prices. This will help the Indian steel industry to produce finished products at competitive prices and thereby increase exports of finished steel.

CHROME ORE

Global chrome ore and ferro chrome prices have been stable during this quarter despite low demand. It is expected that stainless steel plants in China may slightly reduce tender prices for upcoming months owing to the weakening markets, thereby causing a slowdown in the purchases of chrome ore by Chinese traders. On the other hand, there is not much price correction in overseas offers with South African concentrates remaining at similar levels.

One of the biggest challenges faced by the overseas suppliers were the logistics problems which were due to shortage of containers and rapid increase of sea freights. Getting empty containers was a challenge and vessel schedules were hampered because of space constraints, thereby causing issues for us in achieving export targets. While we have been having adequate orders on hand, getting shipping containers and executing the contracts had become tough. Despite facing these challenges, we have been able to ship more than 25,000 MT's chrome ore lumps and concentrates from Albania to China this quarter.

We have now been focusing on South African shipments and have done one consignment of 40/38 grade to China this quarter. The demand for South African material is always good so we are targeting a 15,000 MTs shipment in the next quarter which would be a combination of ROM and concentrates, both in bulk and containerized cargo. Further, we expect the container situation to normalize in the coming weeks and thereby improve our shipment volumes from Albania in the next quarter.



Chrome ore stuffing at the load port in Europe

COAL & ENERGY

Coal import volumes into India have risen past the lifting of the lockdown, mainly due to the demand from power plants and also due to disruptions in coal mining activities by CIL. Last year, India imported 248 million tons and this year it is expected to increase by further 10%. The government now aims to substitute at least 85 million tons to domestic coal in order to reduce the country's foreign exchange outflow. For this purpose, the government will have to offer discounts and concessions on railway freights so that domestic coal can become competitive for power plants situated at coastal areas.

South African coal producers have been intentionally holding back stocks and not offering the same in the market in order to create scarcity so that prices can go up and thereby miners are able to compensate for losses incurred due to the pandemic. Moreover, China's unofficial ban on Australian coal has let to increase in demand for South African coal as South African coal can be used as a substitute for Australian coal by the cement and steel industry. Although Indian demand has slightly improved, however it cannot be considered as the only factor in propelling prices of South African coal. There are sufficient stocks available at Indian ports and so no panic buying is taking place lately.

Looking at the higher market prices and increased demand, we have almost sold out our stocks lying at Kandla Port and are now looking forward to buying more quantities once the index come down to normal levels.



Coal stocks being stored at Kandla port

MAGNUM RESOURCES PVT. LTD.

The dark clouds of COVID-19 are still impacting our business and the industry in general. However, there are clear silver linings with strong recovery in certain markets and product segments, which is encouraging the CAPEX cycle as well.

Magnum has completed two major installations for two denim garment manufacturing customers of its principal, IMB. One of the installations is at the largest garment manufacturer and exporter of India and another one is for a established denim manufacturer from Surat, Ahmedabad.

Apart from the strong sales effort, the coordinated effort of our teams from Delhi, Ahmedabad and Bangalore over three weeks to oversee the installation was a key element in the successful execution of the project. This was also followed by a very successful demonstration of the machines and in depth training given to customer's staff, to ensure the greatest productivity outcome for our customers.

In the current market, the Ludhiana and Kolkata markets are showing a strong recovery in business post the COVID lockdown. This is being driven by strong domestic demand, which is the focus for manufacturers in these regions and thus a push for increased CAPEX and automation.

Over the next two years, the focus on automation as a means to increase productivity and reduce dependency on labour shall remain two keen trends. Magnum is well prepared to meet these growing automation needs of the industry and continue to lead the way through cutting edge solutions.



Machine Installation in progress



Successful installation at customer site

SARA TEXTILES LTD.

Indian Chamber of Commerce organised a virtual Textile E-Sourcing Fair for the first time with a view to aid business continuity during the COVID-19 scenario. This sort of Virtual fair has become a great alternative as a global B2B platform. Sara Textiles Ltd. also had a good experience participating in it.

Sara Textiles Ltd. also participated in Virtual E-Sourcing Fair'2020 which was held from 29th October to 1st November. It was also extended by a day because of the good response from buyers all across the globe. A virtual booth was given to us, where we have put up our product category, a video along with catalogues and our company profile. A live zoom meeting option was also available for live interaction with buyers.

Moving along with trend towards virtual meetings, Sara Textiles has been proactive in ensuring that we are ready for these Virtual Fairs and deliver the best experience for its buyers. This has not only allowed marketing of our new products to existing customers, but also to identify key new customers across the globe.

As the world's fifth-largest exporter of textiles spanning apparel, home, and technical products, India is a key player in the global textile landscape—contributing about 8 percent of the world's trillion-dollar business-to-business (B2B) market. However, China is miles ahead of India in terms of exports, with a 31 per cent share in global exports, while India has just a 4 percent share.

The Rs 55,000-crore Indian home textile sector, comprising products such as terry towels, bedsheets and spreads, pillowcases, curtains, and rugs and carpets, derives as much as 60-70 per cent of its revenue from exports. The United States and the European Union account for over 80 percent of these exports, with big-box retailers of essentials and departmental stores among the major customers.

Demand from the home textile industry is expected to remain supportive in the near-to-medium term. The home textile industry witnessed a strong demand revival during July-September quarter (Q2FY21) on high demand from big retailers (selling essentials), who saw their inventory pipeline running dry due to demand recovery, lower channel inventory, and precautionary buying by big retailers during the COVID-19 pandemic.

Amid COVID-19, a “new normal” has been unravelling as consumers place more emphasis on sustainability and traceability. We have our order book full for the period showing that Sara Textiles is in sync with the market.

But a head wind facing the strong order book is a shortage of incoming shipping containers due to the fall in India imports, boosting freight charges. STL has been struggling with a serious lack of containers in recent months. We have seen all the factors influencing our business as our logistics team is continuously struggling to move the goods and effecting not only our revenue but long-term business. We have taken several measures to overcome the challenge, tripling the repositioning of empty containers



Activity on the concept of listening at Plant



Sara Go Green Moment

GROUP NEWS

As social distancing, work from home, sanitisers, face masks have become the new normal, this year's Diwali was not the same. Usually, people shop for new decorations, dress up in traditional clothes, visit their friends and relatives, play cards. However, this Diwali was a little different owing to the coronavirus pandemic.

We did not let COVID-19 spoil our festive mood and still celebrated the festival with our loved ones virtually while staying safe at home. It brought in excitement and happiness back into our lives with few hours of fun and music.



Virtual Diwali Celebrations

NEW JOINERS

MAGNUM RESOURCES PVT. LTD.

Yogesh Kumar R.	Senior Sales Executive
Poonam Jawa	Assistant General Manager-Finance & Accounts
Udit Kumar Mital	General Manager - ISM
Aditya Kumar Vats	Executive – Digital Media and Graphic design

SARA TEXTILES LTD.

Himanshu Kamboj	C.F.O
Pallavi	Merchandiser
Neha Sharma	Hr Executive
Bharat Kumar	Executive Accounts
Anil	Assistant Accounts
Preeti Ghai	Deputy Manager HR
Deepak Dayal Sharma	Assistant Manager Weaving
Rajesh Kumar Thakur	Sr. Manager HR
Chintram	Executive PPC
Satish Kumar	Executive - IT
Arvind Kumar	Officer Quality Assurance
Khemraj Singh	AGM PPC
Ajay Kumar	Executive HR
Rahul Mangla	Executive HR
Lal Singh	Executive Commercial
Sanjeev Kumar	Shift Officer Designing
Shagun Sharma	Q. A.Asst.



Himanshu Kamboj
Chief Financial Officer
Sara Textiles Ltd.

A brief on your role at Sara

Being the Chief Financial Officer (CFO) of a company, my primary responsibility is of managing the company's finances, including financial planning, management of financial risks, record-keeping and financial reporting, business planning, budgeting, forecasting and negotiations.

How do you see your future at Sara

I am privileged to be part of the Sara Group. My role at Sara Textiles is imperative and with rapid adaptation and robust solutions, I see a dynamic and vibrant future under the leadership of the Sara Group Management.

Your goals while in your current role at Sara

To use my skills in the best possible way to achieve company's goal and objectives and to be a trouble shooter of the company. Contribute to improve the profitability by effective cost control measures and effective management. Also, I would like to create a positive and healthy work atmosphere in the company and to contribute to the identification of opportunities for continuous improvement of systems, processes, and practices.

Your perfect Get-away

I have plenty of astounding getaways options but the most refreshing and rejuvenating one for me is to relax at home and have perfect family time.

Your idol in life and why

The person who has greatly inspired me has been my grandmother. Smile has a permanent address on her face. She perpetually keeps at it till the work is done and has an ability to balance both kin and work.

Your perspective of the most critical element for corporate success

Establishing good work relations with team and management as I believe in the principle of "Working together works". The key element for corporate success also includes a skilful and detailed planning with effective implementation.



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